

Our Ref: B1/15C
G16/1C

22 May 2026

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Expected controls for account opening and maintaining relationships with clients with investment accounts

I am writing to draw your attention to the attached circular (**Attachment**) issued by the Securities and Futures Commission (“SFC”) (“the SFC Circular”) today, relating to the expected controls for account opening and maintaining relationships with clients in respect of investment accounts. The SFC Circular shares deficiencies identified in the SFC’s review of account opening practices of certain licensed corporations (“LCs”), e.g. the acceptance of questionable or forged documents by some brokers from their clients during the account opening process, and the expected standards. The SFC Circular also sets out the additional measures for LCs when opening and managing investment accounts of Chinese Mainland investors. Meanwhile, the SFC Circular provides guidance to LCs on provision of services to investors outside Hong Kong.

Registered institutions (“RIs”) should have due regard to the SFC Circular (including the expected standards set out in Appendix A to the SFC Circular, where applicable) and put in place adequate policies, procedures and controls to ensure compliance with all applicable requirements when carrying out regulated activities. Among others, RIs should conduct an internal review as soon as practicable to detect if any questionable or forged documents have been accepted for account opening, in accordance with the same standards expected of LCs as set out in item 1 of Appendix A to the SFC Circular and close the accounts that have been involved in the use of questionable or forged documents.

Additional measures for opening and managing investment accounts of Chinese Mainland investors

As most questionable or forged documents identified in the SFC’s review involved investment accounts belonging to Chinese Mainland investors and,

having considered the associated business, regulatory, and reputational risks that an LC may face, the SFC requires LCs to implement additional measures set out in Appendix B to the SFC Circular when opening and managing such investment accounts.

While it is noted that RIs have procedures regarding the verification of authenticity of documents obtained from customers during account opening, to uphold high business standards, the Hong Kong Monetary Authority (“HKMA”) requires RIs to implement similar additional measures for opening and managing investment accounts¹ of Chinese Mainland investors. In this connection, the HKMA sets out the additional measures for RIs in **Annex 1** to this Circular when opening and managing such accounts. These include conducting reviews, closure of investment accounts that were opened with the use of questionable or forged documents, closure² of zero-balance dormant investment accounts to mitigate potential risk of these accounts being exploited by illicit actors to conduct illegal activities, as well as additional measures required of all RIs when opening new investment accounts for Chinese Mainland investors, such as investor declarations. A set of frequently asked questions is also enclosed in **Annex 2** to assist RIs’ implementation of the controls and measures in this circular.

If the relevant Chinese Mainland investors intend to invest in securities in Hong Kong, RIs may guide the eligible investors to make use of cross-boundary investment channels between the Chinese Mainland and Hong Kong, such as opening investment accounts with RIs under the Cross-boundary Wealth Management Connect pilot scheme in the Guangdong-Hong Kong-Macao Greater Bay Area (“Cross-boundary WMC”) to invest in eligible wealth management products, or investing in eligible Hong Kong-listed stocks and exchange-traded funds via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect through Chinese Mainland brokers.

Providing services to investors outside Hong Kong

The SFC Circular specifies that when providing services to investors outside Hong Kong, LCs must comply with all relevant legal and regulatory requirements in both Hong Kong and the applicable jurisdictions. LCs are reminded not to engage in or facilitate any illegal activities when providing services to investors outside Hong Kong. In particular, LCs are reminded to take note of the notice³ jointly issued by the CSRC and other Chinese Mainland authorities on 22 May

¹ For the purpose of this circular, “investment accounts” in the context of RIs refers to investment accounts, and investment functions of integrated banking accounts.

² For integrated banking accounts, deactivate the investment function of the integrated banking accounts. See Annex 1 for details.

³ Please refer to the [webpage](#) of the China Securities Regulatory Commission (“CSRC”) (Chinese only).

2026, which specifies the remediation plans for certain illegal cross-boundary securities, futures, and investment fund-related activities conducted on the Chinese Mainland. RIs are reminded that the same standards apply to RIs. RIs are also reminded that any breaches of applicable regulatory requirements in jurisdictions outside Hong Kong may constitute non-compliance with paragraph 12.1 of the SFC Code of Conduct⁴, which may result in supervisory or enforcement actions taken by the HKMA or the SFC. Material breaches must be reported to the HKMA and the SFC immediately⁵.

HKMA's general expectation

As regards non-investment accounts, the HKMA would like to reiterate its expectations on authorized institutions ("AIs") to adopt a risk-based approach to implementing controls for anti-money laundering and counter-financing of terrorism ("AML/CFT") purposes. If AIs are to provide non-investment account services to Chinese Mainland individuals, they should take active steps to ensure adherence to the relevant rules and regulations applicable to these customers from the Chinese Mainland.

The SFC Circular requires Chinese Mainland investors of LCs to use bank accounts held in the investors' own names with banks licensed in Hong Kong or supervised by banking regulators in eligible jurisdictions for settlement purposes, and ensure that all future deposits and withdrawals for the investors' investment accounts are conducted exclusively through these bank accounts (refer to Measure 3(ii) of Appendix B to the SFC Circular). AIs should monitor whether the activities of bank accounts of customers with LCs are consistent with the intended purposes of opening and maintaining the bank accounts of the customers, and should continue to put in place control measures to comply with relevant regulatory requirements including those relating to AML/CFT.

In addition to the above, AIs are reminded that they should also comply with other applicable statutory and regulatory requirements. AIs should ensure all staff members receive proper training to perform their duties effectively and put in place sufficient resources to handle enquiries or any complaints. The HKMA will continue to monitor AIs' compliance through ongoing supervisory activities, including review of RIs' implementation of the additional measures for opening and managing investment accounts of Chinese Mainland investors.

⁴ Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission ("SFC Code of Conduct").

⁵ Paragraph 12.5(a) of the SFC Code of Conduct and paragraph 5.6 of the HKMA's Supervisory Policy Manual module SB-1 "Supervision of Regulated Activities of SFC-Registered Authorized Institutions".

If you have any questions on this circular, please contact Ms Anita Chan at 2878-1538 or Ms Ailee Wong at 2878-1240.

Yours faithfully,

Arthur Yuen
Deputy Chief Executive

Encl.

c.c. Securities and Futures Commission
(Attn: Dr Eric Yip, Executive Director (Intermediaries))